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SUDAN TRANSITION INITIATIVE

Fourth Quarterly Progress Report

January 1, 2006 through March 31, 2006

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FOURTH QUARTERLY PROGRESS REPORT

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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INTRODUCTION

On February 18, 2005, Development Alternatives, Inc. (DAI) was awarded the USAID/OTI SWIFT II Sudan contract DOT-I-00-03-00004 Task Order II. Under this contract, DAI has been supporting and managing activities that aim to strengthen Sudan's transition to democratic and civilian rule. The following report covers activities implemented in the first quarter of 2006.

Since the signing of the comprehensive peace agreement (CPA) in January of 2005, limited progress has been made on its implementation. Several challenges still confront the war-recovery effort and consolidation of peace in Sudan. While by and large the overall security situation in Sudan has improved since the signing of the CPA, grievances related to the marginalization of specific groups have yet to be addressed, and emerging tensions, either real or manipulated, amongst ethnic groups in South Sudan are threatening the peace. The increasing violence by armed groups in South Sudan, especially by fighters said to be part of the Lord's Resistance Army (LRA), as well as the fracturing and re-arming of militias in Greater Upper Nile and Bahr al Ghazal, are worrying indicators of instability in the Government of South Sudan (GoSS) being fomented from hard line political and military elements in Khartoum.

The implementation of the CPA is making slow progress. The ratification of the Interim National Constitution and the appointment of the National Assembly, states legislative councils have been achieved. State constitutions have been largely established in both GoSS-area and the Government of Sudan (GoS)-areas with the exception of South Kordofan and Khartoum. The status of Khartoum as the National Capital is a potential flash point in the implementation of the peace agreement given the commitments in the CPA toward a jointly agreed special status for Khartoum—opposed by the hardening of the Islamist tendency in the NCP, refusing any concessions on Sharia law for non-Muslims in the capital.

In the South, the accord signed in January between the SPLA and South Sudan Defense Forces (SSDF) has gone some way toward a reconciliation of South-South armed groups not included in the CPA, though much confusion remains as to which armed groups are party to the accord and which remain actively at war. In accordance with the security arrangements of the CPA, the process of deploying Sudan armed forces (SAF) and SPLA forces in joint units is still underway; the process is well behind schedule. Demobilization by SAF from the South has been slow, and also unverified, as UNMIS has not been given access to monitor the process. The set up of government structures in southern Sudan has also been very slow due mainly to lack of resources and lack of capacity within the SPLM. Many of the commissions specified in the CPA have either not been formed or have not met. In the East and Greater Upper Nile, there are as yet unconfirmed allegations of cease-fire violations made by both parties. These alleged violations are under investigation by UNMIS, which has found its operations increasingly faced with obstruction, especially from the Khartoum government.

A particular challenge of the CPA is the implementation of protocols for the transition areas, notably the acceptance by the Presidency of the Abyei Boundaries Commission report and establishing effective partnerships between the NCP and SPLM in the state governments of South Kordofan and Blue Nile State. Goodwill between the parties was eroded with the failure of the SPLM to gain control of either of the key economic ministers in the Government of

National Unity (GNU)—Finance and Petroleum. This has made the transparent determination of the collection and division of oil revenues between the parties and the successful implementation of the wealth sharing agreements.

The policy of the NCP appears increasingly to be that of rolling back in practice the measures agreed on paper with the SPLM in the CPA. Although the absence of active warfare is a blessing for which most Sudanese are thankful, disillusionment with the CPA amongst the publics in both North and South is increasing, as its impact on their lives appears limited or non-existent. The political space in northern Sudan has narrowed with increasing deployment by the NCP of its in-built legislative majority to force through statutes which restrict or reverse personal, civil and political freedoms guaranteed under the Interim National Constitution and the Bill of Rights. Instances of such restrictions include the State of Emergency laws in force in Darfur and Eastern Sudan and the new Humanitarian Act, which effectively places all non-governmental actors and agencies under the direct control of the Ministry of Humanitarian Affairs.

At the Sudan Consortium in Paris in March, the GNU presented its budget allocations for 2006, which were reviewed by the international donor community. The allocations covered priority areas, such as capacity building, delivery of social services and rural development and repairs to infrastructure in South Sudan, as well as allocations earmarked for Darfur and the transitional areas (Abyei, Southern Kordofan and Blue Nile State). However, conspicuously absent from the summit agenda was a definitive timeframe for the resolution of the Abyei boundaries and status question and its implications on the reform agenda. Also notable by their absence was senior representative of the NCP in the GNU; this may indicate an increasing disengagement by one of the partners from the CPA implementation process and from post-war reconstruction in the South.

The plans for national expenditures on public and social services, independent of the MDTF programs, are hinged upon the resolution of the disputed North-South boundaries. These borders run across the proven oil fields. Agreement has also not been reached on the management and transfer of oil and tax revenues between and within the GNU and the GOSS. Failure to date to establish these economic and institutional mechanisms undermines peace and national unity. Lack of resources hobbles the capacity of the GOSS, and state level government throughout Sudan, in the fulfillment of their public offices. Lack of trust between the parties on wealth sharing reduces the chances of viable working partnerships developing between the two parties. The latter is of particular concern in the transitional areas of South Kordofan and Blue Nile State where the two parties form a joint administration.

To address Sudan's many challenges appropriately, USAID/OTI and implementing partner DAI continued to work this quarter with a multi-pronged strategy focusing on different types of activities depending on the region's needs. Within the framework of USAID's strategic objectives for Sudan as a whole, OTIS' northern program component focused on legal aid, state-building and enhanced protection of women against violence. The OTIS program in the North varies its strategy by region:

- The East: Address the needs of the impoverished and politically marginalized citizens

- Transition Areas: Support the rule of law, build trust among local leaders and strengthen the position of local transitional governments
- Khartoum and Surrounding Area: Promote dialogue, mutual understanding and trust among various ethnic and religious groups in Sudan
- The North: Enhance the role of media in expanding political space and freedom of speech
- Darfur: Support USAID's VAW initiative

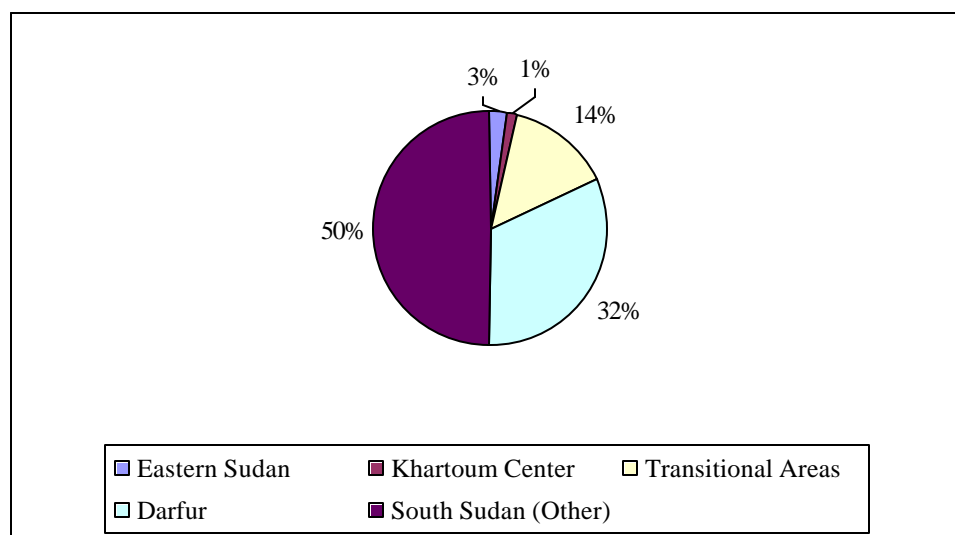
In the South, OTIS focused its efforts in responding to two broad strategic objectives of the new USAID strategy. This strategy focuses USAID's program efforts on the provision of basic services in southern Sudan's major urban centers in an effort to avert conflict and promote a peaceful democratic transition. Specifically, OTIS responds to the following strategic objectives in southern Sudan:

- Strategic Objective No. 9: Avert and Resolve Conflict
- Strategic Objective No. 10: Manage Crises, Promote Stability, Recovery and Democratic Reform

During this reporting period a total of 77 grants, valued at \$5,277,322, were actively working to meet the OTI Sudan objectives throughout the country. These activities are being implemented in Darfur, Khartoum, Red Sea State, Bahr el Ghazal, Bahr el Jabal (now renamed as Central Equatoria), Eastern Equatoria, Upper Nile and the transition areas (Southern Kordofan State, Abyei Area, and Blue Nile State).

As in previous quarters, the majority of the activities focused on southern Sudan, Darfur and the Transitional Areas. However, DAI expects grant activities in Khartoum and the North to intensify during the next quarter based on achievements made in the past three months with increasing the staffing and the opening of dialogue with the Humanitarian Aid Commission (HAC).

Figure 1: Distribution of Grants by Geographic Focus Area



PROJECT MANAGEMENT AND ADMINISTRATION

A. PROJECT MANAGEMENT

DAI focused significant efforts on project management changes and activities during this quarter. A reorganization of the project's management, new staff, TDYs and new offices will serve to enhance the program's grant activities in future quarters.

During its first year, a COP and Deputy COP managed the OTIS program. This quarter, based on the COP's assessment of the program's fragmented operating environment, DAI eliminated the Deputy COP position and replaced it with two Regional Program Managers (RPMs)—one for the North and one for the South. Muhammed Nizar joined the program as RPM for the North in February. Likewise, Nadine Kadri began her post as RPM for the South in January. The post of Finance Manager was also altered with the previous post-holder, Jennifer Omino, being replaced in February by Herawati Aziz. The contract of the Senior Program Advisor, Omer Ismail, came to an end and was not renewed, as was that of the PDO based in El Geneina, Abdirashid Hussein.

In addition to the new management staff, DAI also hired new staff throughout all levels of program implementation and expanded the team in Khartoum and Darfur very substantially. The Senior Grants Manager for the program trained five new Grants Managers (GMs) and three new Program Development Officers (PDOs) at a two-day meeting in Khartoum in March. New finance staff joined the OTIS team in Khartoum, Darfur and Rumbek during this quarter. DAI hired new procurement and logistics staff in both Khartoum and Nairobi in recent months. A two-day retreat for the southern team in February allowed the staff to receive training, to set goals and to begin to see itself as a cohesive unit. A two-day training event for the northern team is scheduled for April.

There were several TDYs for the OTIS program this quarter. Dr. Zaki Khoury, home office technical backstop for the OTIS program, traveled twice to Khartoum during this quarter. During his first trip in late January and early February, he served as Acting RPM while OTIS North awaited the arrival of Mr. Nizar. Dr. Khoury returned to the North in March to shadow Mr. Nizar, to aid in project management and to assist in grant design and implementation. Gwen Appel, Senior Business Manager for the Crisis Mitigation and Democratic Governance (CMDG) Group, and Christy Ramstack, CMDG Project Associate, traveled to Nairobi, Rumbek and Khartoum in late January and early February to assist with the program's financial management. Ms. Ramstack returned to Rumbek in late February and served as Acting Senior Finance Manager (SFM) for six weeks, while the OTIS program awaited the arrival of the new SFM, Ms. Herawati Aziz. Barbara Lauer, CMDG Senior Development Specialist, spent three weeks in Khartoum and the surrounding areas, serving as Senior PDO and developing a number of grants. Finally, Matthew Buzby served the program as an Operations Support Coordinator for the Nairobi office. As part of his scope of work, Mr. Buzby interviewed candidates to take over for his position after his departure. The new Operations Support Coordinator will start next quarter.

The final great stride made this quarter in terms of project management involves operations. One new office opened in Darfur this quarter—in El Fasher. Additionally, DAI prepared for the move of the staff in the South from Rumbek to Juba. The office and guest house in Juba were nearly completed this quarter, and the move is expected to materialize next quarter.

B. PROJECT FINANCES

Similar to overall project management, the OTIS program saw improvements in its financial management this quarter. OTIS opened a new bank account in Khartoum with Byblos Bank, a move that will enhance fund transfer and thereby accelerate grant implementation. Similarly in the South, OTIS consulted with the Kenyan Commercial Bank (KCB), which plans to open branches in Rumbek and Juba as soon as a GoSS license to operate banking services in southern Sudan has been granted. OTIS will open bank accounts with KCB in both Rumbek and Juba.

An updated OTIS Financial Management Handbook was distributed to all finance staff during this quarter to reflect the new financial management plan for the program under DAI's new accounting system and in accordance with OTIS' focus on increasing the burn rate for grant disbursements. Additionally, DAI submitted a budget modification to the Contracting Officer for review in the beginning of February. The budget modification was still pending approval, as of March 31, 2006.

Invoiced expenditures during this reporting period totaled \$3,507,252. Operations costs totaled \$2,430,909; while grant activities amounted to \$1,076,343.

Figure 2: Expenditure Analysis as of March 31, 2006

Cost Element	OTI Sudan Contract Amount	Vouchered Expenditures	Cumulative Amount	Remaining Amount	% of Budget Expended
		Q4: Jan-Mar ¹			
<i>Operations</i>					
OTI Operations Cost	\$9,696,706	\$2,094,347	\$6,783,165	\$2,913,541	70.0%
Fee	\$557,561	\$120,425	\$390,032	\$167,529	70.0%
OFDA Operations	\$945,627	\$204,385	\$339,975	\$605,652	36.0%
Fee	\$54,374	\$11,752	\$19,549	\$34,825	36.0%
Total Operations Costs Plus Fee	\$11,254,267	\$2,430,909	\$7,532,720	\$3,721,547	66.9%
<i>Grants</i>					
Grants	\$26,400,000	\$1,055,238	\$1,929,036	\$24,470,964	7.3%
Fee on Grants	\$528,000	\$21,105	\$38,581	\$489,419	7.3%
Total Grants Plus Fee	\$26,928,000	\$1,076,343	\$1,967,617	\$24,960,384	7.3%
Grand Total	\$38,182,267	\$3,507,252	\$9,500,337	\$28,681,930	24.9%

Of the funds committed for grants, \$1,076,343 was disbursed this quarter. This is a significant improvement over previous quarters. The cumulative total for all grant disbursements since the inception of the program prior to this quarter was \$895,453 or an average of \$298,484 per quarter. Grant disbursements this quarter showed a 156 percent increase over last quarter's disbursements.

PROGRAM ACTIVITIES AND CONTEXT

A. OVERVIEW

Sudan's political history has been characterized by a highly centralized and exploitative culture of governance. Oppression and economic marginalization are seen to be at the root of cause of Sudan's recent civil war. In light of this political experience and the sheer enormity of the peace-building and economic development agenda in the post-war environment, the urgency surrounding the need to accelerate decentralization throughout Sudan's war-ravaged territories cannot be understated. Decentralization, implemented within the constitutional framework that has been established through the provisions of the power and wealth-sharing protocols, is an essential part of the democratization process. In order to encourage accountability within leadership, enhance stakeholder participation and reduce the possibility of conflict escalation, an urgent need exists to increase the capacities of government, particularly at the state level, in order to enable power-sharing between the central and local government and make fiscal decentralization feasible.

¹ Vouchered expenditures for the fourth quarter are inclusive of DAI's 2005 residual cost invoice, sent to USAID on January 26, 2006.

The core ambitions of the CPA are to develop the capacities of government and civil society and empower the citizenry to hold the government accountable for its management of oil revenues and commitment to the development agenda. Fulfilling these ambitions through orderly decentralization is critical to improving equitable service delivery to a large portion of Sudan's population and to addressing the limitations of remote central administration, while reducing opportunities for the abuse of power.

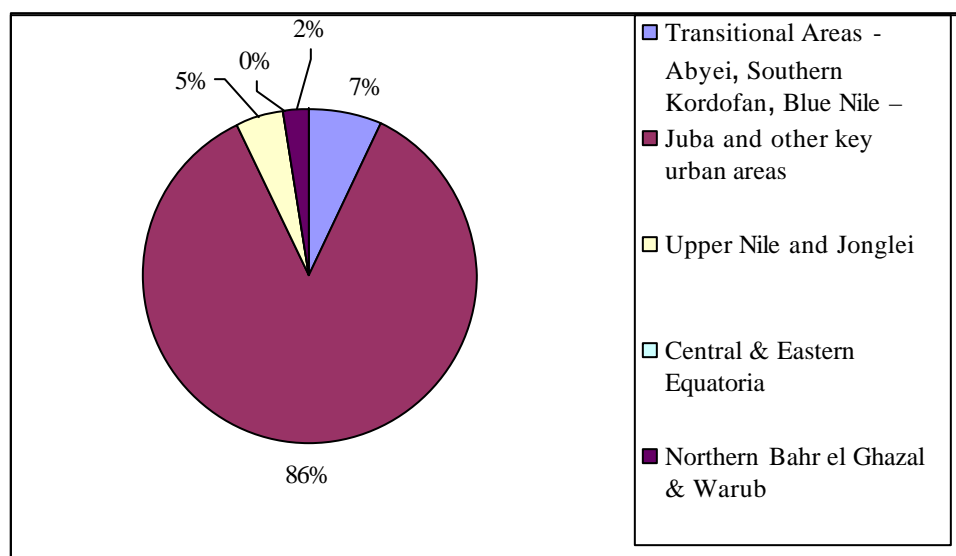
Strengthening governance and transparency, is critical to consolidating peace and meeting development objectives in Sudan.

At this pivotal juncture in the implementation of the CPA, USAID/OTI and DAI are providing support to different type of initiatives in the northern and the southern parts of the country. In the South, OTIS activities aim to further the reform agenda and build capacities within local government; ensure basic services are available in urban areas both to maintain stability and support the reintegration of returnees; and advance the implementation of the CPA. The OTIS North Sudan program focuses mostly on the needs of marginalized populations; support for the rule of law; promotion of dialogue among ethnic and religious groups; enhancement of political space; and protection for women in Darfur.

B. PROGRAM ACTIVITIES IN SOUTHERN SUDAN

In southern Sudan, grants were targeted in accordance with the new USAID strategy. Based on the premise that stability is contingent upon the population's trust in their government's ability to provide basic services, the grants focused on providing tangible peace dividends. To ensure as large an impact as possible, OTIS' activities targeted southern Sudan's largest population centers and areas that needed to accommodate a great number of returnees. Specifically, the southern Sudan OTIS key geographic target areas include the Transitional Areas—Abyei, Southern Kordofan, Blue Nile; Juba and other key urban areas; Upper Nile and Jonglei; Central and Eastern Equatoria; Northern Bahr el Ghazal and Warub.

Figure 3: Distribution of Southern Sudan Grants by Geographic Focus Area



While a few activities were implemented in southern Sudan's rural areas, a large majority (86%) of OTIS South activities remained focused on the urban centers as is illustrated in the figure below. To increase their effectiveness, DAI activities were closely coordinated with PACT whose program focused mostly on the rural areas. In combination, the two programs allowed for a comprehensive portfolio of activities with support to local government, civil society and community-based organizations within a wider geographic range.

Supporting Southern Sudan Local Government

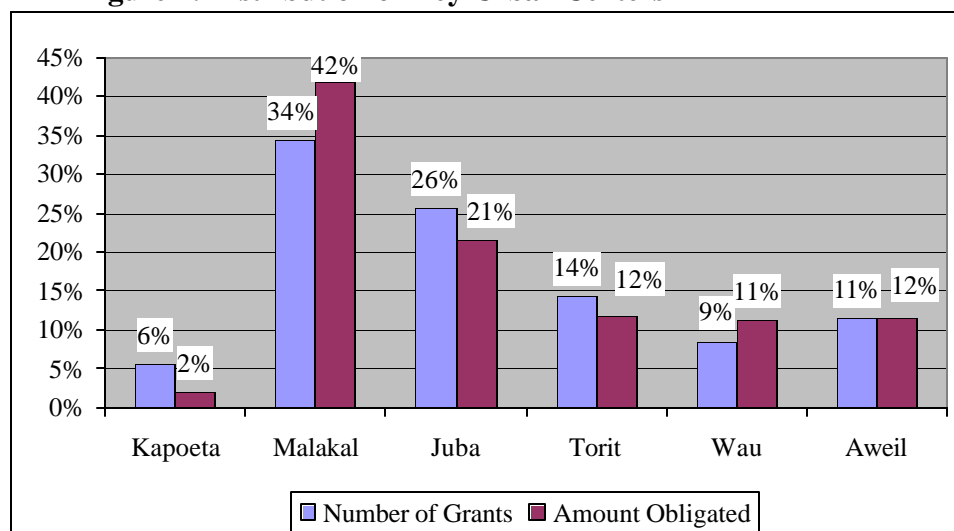
In the ten state capitals in South Sudan, institutional capacities within government are low, and ministerial offices are in dire need of structural repairs, basic equipment and training. Without these priorities, the government remains ineffective and unable to meet the expectations and service delivery needs of constituents. The efforts of USAID/OTI and DAI have been focused on providing streamlined support to key state level government offices within selected states. OTIS provides support in the form of office furniture, stationary, basic equipment and repairs to physical structures in ministry offices and the offices of governors and state assemblies in Upper Nile; Western and Northern Bahr el Ghazal; Central and Eastern Equatoria; and Bahr el Jebel.

At the county level, OTIS is providing support to select government administration offices in Equatoria to ensure they can respond to their constituents' needs. Specifically, OTIS is providing motorbikes to enable Kapoeta county officials to improve government services and more effectively serve their citizens. Ultimately, better services are expected to increase trust in the new administration and the southern Sudanese confidence in their government's ability to provide basic services, a critical element of long term stability.

Ensuring Basic Services in Urban Areas to Support IDP and Refugee Return and Reintegration

The recent DCHA "ground truthing" meeting with local southern Sudanese government officials, partners and stakeholders, listed lack of basic services in urban areas as one of the possible causes of instability and conflict. As such, OTIS activities in key urban

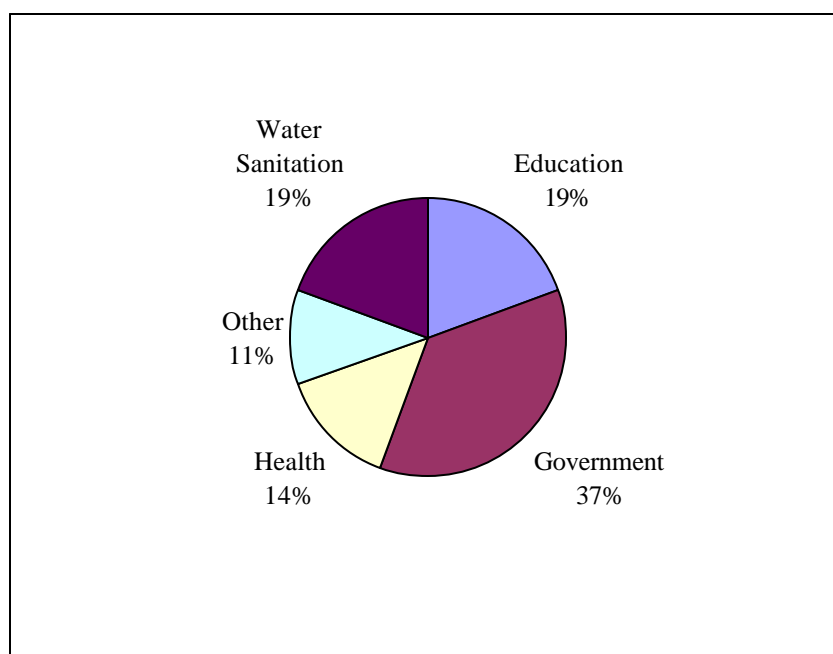
Figure 4: Distribution of Key Urban Centers



centers are focusing on supporting public utilities and social services to improve the quality of life for the residents of these centers. The centers include Juba, Malakal, Torit, Kapoeta, Aweil, Bor and Wau with most grants focusing on Juba and Malakal as illustrated in Figure 4.

The grants targeting southern Sudan's major towns encompass a wide range of activities. The largest portion of activities (37%) aims to provide support to the local government infrastructure while the remaining activities focus on water/sanitation, education and health infrastructure.

Figure 5: Distribution of Grants by Programmatic Theme



In Juba, OTIS provided emergency support to the Water Corporation to prevent the collapse of the entire water system. Indeed, after the last functioning water pump broke in mid-December 2005, Juba was without running water. Within two days, OTIS delivered the four pumps required to restart the water works system.

Malakal is currently unable to cope with the large number of IDPs and returnees due, amongst other factors, to the lack of sanitation there. With no latrines and a drainage system that does not work, Malakal is regularly subject to cholera outbreaks during the rainy season when entire neighborhoods are under water for weeks. To reduce the risks of an even more catastrophic outbreak this year, OTIS is providing 175 families with pit latrines which are expected to help reduce the prevalence of diseases associated with poor sanitation.

At the request of the State Ministry of Health, OTIS is providing a new hand pump borehole, a generator and an elevated water tank to increase the quantity and quality of the water used by the Aweil Hospital, the only Hospital in the entire state of Northern Bahr El Ghazal. The medical facility currently lacks sufficient and clean water to attend to its many patients. Improving the water supply to the hospital is critical to ensuring health care services to the growing population of Aweil. Indeed, with the return of IDPs and refugees, people's confidence in the local government's capacity to provide basic services, especially health care, is key to the stability in the region.

C. PROGRAM ACTIVITIES IN THE TRANSITION AREAS

In the transition areas—Abyei, Southern Kordofan and Blue Nile State—tensions over resources are threatening greater disunity. Conflicts between various groups of pastoralists and farmers are anticipated to occur twice yearly during the livestock migrations northwards and southwards. To mitigate the risks of these conflicts deteriorating into more serious political or military stand-offs, OTIS funded a local NGO to organize peace committees comprising the chiefs of both pastoralists and farmers chiefs to manage the migrations along one particular well-traveled migration route with a history of problems.

To ensure the tensions do not lead to open conflict, OTIS has funded activities to encourage the local population to seek justice through peaceful channels. For example, OTIS had committed funds for several grants to be implemented in the coming quarter to provide legal aid to the residents of Kadugli, Dilling, Lagawa, and Abyei. OTIS will provide the legal aid through the establishment of legal aid centers in partnership with the UNDP Rule of Law Program. These centers are expected to enhance immediate access to justice by serving vulnerable local inhabitants, returnees, IDPs, women and marginalized groups. They will act as a mediating force between communities and authorities, will provide legal representation and advice and will promote linkages for both the statutory and traditional judicial systems. OTIS is also supporting the return of a statutory justice system to address criminal justice and thereby, promote peaceful coexistence in both Southern Kordofan and Abyei by providing statutory justice courthouses with basic furniture and office equipment so they can re-open.

In coordination with PACT, OTIS also contributed to a cultural carnival to bring communities in and around Kauda town together. The carnival sought to encourage a sense of unity and increase ethnic tolerance among the diverse Nuba tribes who are in constant competition for scarce resources.

D. NORTHERN SUDAN PROGRAM

The OTIS program in the North is entirely different from the more standard transitional program in the South. It is increasingly apparent that there is no political transition, in any meaningful sense, under way in the former GoS areas. Through its in-kind grants mechanism, the OTI program in the North lends support to activities which attempt to contain or prevent conflict and which support civic engagement in the implementation of the CPA and the actualization of rights affirmed in the Bill of Rights and the INC. In Darfur, the program is focused on a broad spectrum of activities all aimed at reducing, or preventing violence against women or providing aid to the survivors of such violence. This is extremely sensitive and high risk work for partners to undertake; the principal concern of the program in the North is to protect grantees, beneficiaries and DAI staff, from official harassment arising from the nature of the work undertaken.

Program Activities in Khartoum and the North

In the greater Khartoum area, OTIS has supported activities that promote dialogue, mutual understanding and trust among various ethnic and religious groups in Sudan. The key is to promote activities that ensure the continuation of the peace process launched by the CPA. For example, the funded activities can bring together journalists, professionals, students, writers and artists from various parts of the country, particularly the north and south. OTIS also supports activities within the IDP-settled areas of Khartoum to defuse any instability threatening the peace process. In this quarter, such support has included a grant to train human rights monitors for the IDP settlement areas around Khartoum, all of which are subject to random and systematic violations of rights, civil, personal and property by the Khartoum authorities and the local police.

In the East, the focus has been on activities that address the human rights protection of the impoverished and politically marginalized citizens of this region, especially in Kassala and Port Sudan. These activities include the provision of legal aid to detainees and to women traders whose businesses have been broken up and who have been harassed by the police. The East is increasingly insecure with large scale militarization and increasing state persecution and harassment, including arrest and beatings, of political and cultural activists in the East. This makes the increased monitoring of human rights abuses and the provision of access to justice for peaceful civic and political activists a priority. SUDO in this quarter has implemented a grant in Port Sudan and Kassala to train human rights monitors, men and women, with the aim of mitigating the abuses carried out under the State of Emergency. The ultimate intention of SUDO is to develop a network of human rights monitors in the East.

Another priority is increasing access to diverse and independent sources of information, in the East particularly but also in the North more generally. Media activities to support press coverage of the CPA have already been undertaken. In the North, OTIS supports activities that enhance the role of media in expanding the political space and the freedom of speech. The program is set to include activities that support reporters and newspapers, multimedia and radio programs, and access to information about progress of the peace process. All broadcast media is government controlled and legislation restricting the operations and editorial freedom of the independent press is still in force despite the guarantees of press freedom in the INC and Bill of Rights. One of the media grants will assist the English language and largely southern-focused Khartoum Monitors to produce an Arabic language version weekly edition for four months starting in May. Future plans include using drama, sport and music to reach youth and children in the Khartoum squatter camps and other areas with messages promoting tolerance and an appreciation of diversity.

In March, OTIS hosted Adam Kaplan, OTI Media Specialist. During his two-day visit, Mr. Kaplan and OTIS Northern management explored available media sources in northern Sudan and clarified OTI priorities in the media sector.

Program Activities in Darfur

In March, the African Union (AU), under pressure from the Sudan government, announced that it would extend the AMIS mandate in Darfur for a further six months, leaving open the question of a hand-over to the United Nations after September 2006. The Abuja process of AU-mediated

talks between the Khartoum government and various levels of the rebel leadership from Darfur continue without result. It can be expected that increasing international and regional pressures will be brought to bear on the belligerents to produce a signed peace agreement in the near future so as to facilitate an AMIS-UNMIS mandate transition. Meanwhile, the security, humanitarian and political outlook in Darfur itself is deteriorating rapidly with an increasing number of Darfurians being in locations where no international assistance can reach them. Darfur currently assumes the form of southern Sudan in the civil war—a few garrison towns living under military law and curfew, protected by the SAF while the rest of the country is held or contested amongst armed groups, rebel movements and bandits. While access to beneficiary populations is greatly impeded by the prevailing insecurity, USAID/OTI and DAI are presently implementing a series of grants that are assisting those most victimized by the violence, namely displaced women and youth. A total of 19 grants, valued at \$604,103, were cleared for implementation in Darfur.

OTIS programming in Darfur focuses on protecting women and girls from gender-based violence and mitigating the effects thereof. The systematic and widespread nature of this violence requires OTIS to take a broad programmatic approach toward eliminating it. Grants are generally aimed at one of the following objectives: providing legal or psycho-social services to victims; increasing civic awareness of women's rights; reducing conflict; or enhancing livelihood opportunities for vulnerable women, men, and youth. During the reporting period, OTIS cleared 24 Darfur grants—valued at \$644,998—in pursuit of these objectives.

Legal and psycho-social services in Darfur for victims of gender-based violence are woefully inadequate to respond to current needs. Five OTIS grants cleared during the reporting period (totaling \$511,217) either provide direct services to victims or vulnerable populations or seek to create a more hospitable social environment in which women's rights are respected and protected. One grant funds social workers and medical professionals to assist women and girls who have suffered from gender-based violence. Another grant is a media campaign aimed at educating the public about women's health issues and violence against women. Two large grants provide traditional garments for nearly 80,000 recently displaced or extremely vulnerable women in order to protect their dignity and decrease their safety risks as they move about the IDP camps.

Firewood collection by women and girls in unsafe areas distant from IDP camps is widely recognized as one of the most dangerous activities associated with increased incidence of violence against women. An OTIS initiative aimed at reducing the need for the dangerous task of firewood collection is to increase the supply of fuel-efficient mud stoves in IDP camps in West Darfur. These enclosed stoves are an alternative to the traditional three-stone open fire and have been shown to significantly reduce the amount of firewood needed in typical meal preparation. Working in collaboration with UNHCR, Save the Children US, and IDP camp women's committees, OTIS is providing training materials that will allow at least 10,000 IDP women in West Darfur to fabricate and properly use two mud stoves—one large and one small. Six grants (totaling \$40,245) were cleared during the reporting period under this initiative.

To reduce the vulnerability of Darfurian women and men and empower them as economic actors in their communities, OTIS provides support in skills training and income-generating activities. Grants are not limited to supporting women and girls; OTIS works with IDP men and youth on income-generating activities in order to support them during their displacement and alleviate the

sense of frustration and helplessness that can sometimes increase violence against women. Seven OTIS grants (totaling \$55,884) are aimed at providing opportunities for women and men to supplement meager family incomes. For many women, these new skills will enable them to buy firewood fuel, thereby reducing the risk of attack during dangerous firewood collection. At least 525 families will directly benefit from these activities, which include training in shoe-making, grass mats and handicrafts, sewing, home gardening and brick making.

The conflict in many areas of Darfur continues unabated. Until communities are able to find ways to co-exist peacefully, the conflict—and the accompanying violence against women—will surely continue. Toward this end, OTIS cleared six grants (totaling about \$37,652) that provide funds for community-initiated reconciliation efforts or to train community leaders in peace building. These peace dialogues and traditional conflict resolution mechanisms can collectively reduce violence against women by easing inter-tribal tensions.

The OTIS El Geneina office temporarily closed during the reporting period. A current and future challenge facing the OTIS Darfur program is how to continue to provide small grant support to local NGOs and CBOs in West Darfur. DAI is currently collaborating with INGOs and UN agencies on a grant-by-grant basis to determine appropriate mechanisms that will allow OTIS to implement West Darfur grants already cleared. These include the fuel-efficient stove grants described above, as well as two income-generation activities.

FUTURE CHALLENGES

OTIS is making strides in offsetting constant obstructions to the program's progress on grant implementation. The two greatest obstacles this quarter were government obstruction and unreliable cash transfer and banking services. The second of these is being resolved; the first remains largely beyond OTIS' power to effect an improvement.

The northern program experienced costly delays in grant development and implementation due to import licenses, visas for expatriate staff, clearances to recruit national personnel and travel permits being routinely delayed or denied by the HAC. The HAC requested the submission of a semi-annual report on program activities in the North for all humanitarian organizations. OTIS wrote and submitted, and then re-wrote and re-submitted the report as instructed, a time-consuming process. With the implementation of the new Humanitarian law which greatly increases the powers of the Ministry of Humanitarian Affairs, the HAC continues to pressure DAI to disclose information about grantees and details of its budgets, which would expose the grantees to harassment and possible incarceration. The new law also explicitly prohibits NGOs from undertaking any activities or programs which could be defined as political. Other international organizations, and even UN agencies, especially those working in Darfur, are encountering similar, or more serious, obstruction and harassment of their personnel from the HAC. DAI continues to dialogue with HAC and with USAID to protect local grantees. Though grant concepts and clearances increased significantly this quarter, the grant disbursement rate in the North remains skewed due to the above-mentioned obstacles.

Furthermore, the northern program component encountered delays in grant implementation this quarter, as well as in previous quarters, because of unreliable financial services. Specifically, OTIS North had been forced to rely on a cash transfer service because of its local bank's inability to convert US dollars into Sudanese diners in a timely manner. The cash transfer service was costly and became unreliable around mid-quarter. In response, DAI engaged in discussions with various alternative financial institutions in Khartoum and opened an account with a new bank in February. As a result, reception and conversion of dollar funds is no longer an impediment to grant implementation in Khartoum and the surrounding areas.

In southern Sudan, OTIS experienced similar problems as in the North with regards to cash transfer services. There is effectively no international banking system in the GoSS area. International organizations operate in the GoSS areas by hand-carrying cash from Nairobi or Khartoum into South Sudan. The Nile Bank is the only bank in Rumbek, where the base of OTIS' southern program operates. The program has not opened an account with them because the bank was set up by the SPLM and is not insured by the Central Bank of Sudan so is not a secure financial institution. Instead, the southern program operates by transferring cash from its Nairobi bank account to Rumbek through the Nile Bank. As grant implementation has increased, fund requests increased to match in this quarter, well beyond the resources of Nile Bank to meet. In response, DAI explored other options and approached the KCB, which was reported to be awaiting a banking license from the GoSS to operate services in South Sudan. The license has recently been granted and following consultation with KCB management in Nairobi, OTIS has decided to use KCB as its financial institution in both Rumbek and Juba once KCB has established its offices there. KCB will be able to meet OTIS' large and rapid cash disbursement needs.

The overall challenge for the program in the second quarter of 2006 will be rapid deployment of resources and immediate start to reconstruction work. The goal will be to hasten the pace of implementation prior to the rainy season when activities will be largely impeded, especially in the South. In March, OTI Washington and DAI Bethesda agreed to identify a set of performance indicators to illustrate OTIS progress and to define program success in the upcoming months. The sections below reflect those objectives, as well as additional program goals.

Goals and Objectives in Northern Sudan

- Develop 20 grants per month to be presented for clearance, including 10-12 grants in Darfur;
- Increase work in Khartoum, especially once the rains start;
- Increase work on access to information and media enhancement by supporting independent news media and increasing access to information;
- Broaden the mechanism for monitoring human rights conditions;
- Continue to identify ideas and implement grants to reduce the incidences of violence against women in Darfur; and
- Identify ideas and implement grants to expand conflict management activities in the transitional areas, particularly in Abyei.

Goals and Objectives in Southern Sudan

- Clear 20 grants per month;
- Close 20 grants per month;
- Support the GoSS and local government institutions to deliver services to citizens through provision of the “Government in a Box” kits;
- Expand strategic urban interventions by addressing critical infrastructure needs;
- Finalize the strategy that will result in the inclusion of CPA dissemination as an activity in an increased number of grants;
- Promote stability through continued relevant conflict management activities; and
- Complete cleared reconstruction efforts before the onset of the rainy season.

Goals and Objectives for Program Quality

- Increased quality of PTGs—both writing and budgets;
- Improved data accuracy in grant systems;
- Improved regular and substantive reporting on grants; and
- Increased accuracy of invoices.

APPENDIX A
Grants List

Grant No	Grant Title	Status	Date Cleared	OTI Cleared Amount USD	Start Date
DAIDAR023	Participation of Darfur Women in Abuja Peace talks	Completed	1/2/2006	\$360	1/8/2006
DAIRUM163	Improving Community - UN PKO Relationships in Pariang	Completed	1/5/2006	\$4,000	1/2/2006
DAIDAR022	Reconciliation process in Katila Area	Completed	1/7/2006	\$5,000	1/19/2006
DAIDAR024	Building toward Reconciliation in Shataya, Kailek and Artala	Cleared	1/25/2006	\$19,134	2/1/2006
DAIRUM172	Furniture and Supplies for Yebwang Primary School	Cleared	2/6/2006	\$26,460	2/6/2006
DAIRUM173	Emergency Sanitation In Malakal	Cleared	2/7/2006	\$240,278	2/6/2006
DAIDAR008	Enhancing IDP Women's Livelihoods with Sewing Skills Training	Cleared	2/15/2006	\$15,105	2/11/2006
DAIDAR010	Enhancing IDP Youth Livelihoods in Krinding Camp	Cleared	2/16/2006	\$6,337	2/20/2006
DAIDAR032	Treating and Rehabilitating Victims of Abuse	Cleared	2/16/2006	\$6,896	2/5/2006
DAIDAR034	Enhancing Food Security for Vulnerable Families in Zamzam IDP Camp	Completed	2/16/2006	\$2,824	2/21/2006
DAIDAR027	Enhancing Income-Generating Opportunities for Women in Kass IDP Camps	Cleared	2/19/2006	\$6,875	2/25/2006
DAIDAR039	Provision of Clothing to Vulnerable IDP Women in Darfur - April	Cleared	2/23/2006	\$238,810	2/27/2006
DAIDAR015	Support for Fuel-Efficient Mud Stove Training in Ryad IDP Camp	Cleared	2/26/2006	\$5,156	3/1/2006
DAIDAR009	Support for Fuel-Efficient Mud Stove Training in Dorti IDP Camp	Cleared	2/26/2006	\$2,828	3/1/2006
DAIDAR016	Support for Fuel-Efficient Mud Stove Training in Ardamata IDP Camp	Cleared	2/26/2006	\$9,811	3/1/2006
DAIDAR013	Support for Fuel-Efficient Mud Stove Training in Krinding I IDP Camp	Cleared	2/26/2006	\$5,156	3/1/2006
DAIDAR014	Support for Fuel-Efficient Mud Stove Training in Mornei IDP Camp	Cleared	2/26/2006	\$9,811	3/1/2006
DAIKHA051	Training to Protect Human Rights in Eastern Sudan	Cleared	2/26/2006	\$26,360	3/1/2006
DAIDAR030	Support for Students' Peacebuilding Initiative in Northeast Darfur	Completed	2/26/2006	\$1,496	2/27/2006
DAIDAR011	Providing Handicraft Vocational Training to Vulnerable IDP Women	Cleared	2/26/2006	\$3,358	3/1/2006
DAIKHA051	Training to Protect Human Rights in Eastern Sudan	Cleared	2/26/2006	\$26,360	3/1/2006
DAIRUM178	Nuba Cultural Carnival	Cleared	2/27/2006	\$40,927	3/1/2006
DAIRUM179	Emergency Refrigeration Unit - Juba Teaching Hospital	Cleared	2/27/2006	\$30,000	3/8/2006
DAIRUM165	Emergency Support to the Malakal Water System-Provision of Water Pumps	Cleared	2/27/2006	\$86,000	2/23/2006
DAIRUM168	Supporting Essential Services for IDPs and Returnees/Job Creation	Cleared	2/28/2006	\$213,650	2/23/2006
DAIRUM164	Supporting emergency sanitation services for returnees - Malakal	Cleared	2/28/2006	\$214,205	3/7/2006
DAIRUM189	Support to the Governor's Office & State Legislative Assembly	Cleared	3/2/2006	\$180,600	3/9/2006
DAIRUM186	Technical Assistance for the Governor of South Kordofan	Cleared	3/2/2006	\$4,087	3/1/2006
DAIRUM185	Critical Support to Two State Ministries, Upper Nile State	Cleared	3/3/2006	\$108,594	3/9/2006
DAIRUM195	Critical Support to Three State Ministries, Upper Nile State	Cleared	3/3/2006	\$162,891	3/9/2006
DAIRUM169	Supporting Essential Services for IDPs and Returnees/Drainage Ditches	Cleared	3/3/2006	\$141,884	3/7/2006
DAIRUM170	Renovation of Library, University of Juba	Cleared	3/3/2006	\$124,766	3/11/2006
DAIRUM192	Support to the Governor's Office & State Legislative Assembly	Cleared	3/3/2006	\$124,085	3/22/2006
DAIDAR017	Support for Fuel-Efficient Mud Stove Training in Krenek IDP Camp	Cleared	3/4/2006	\$7,483	3/1/2006
DAIRUM197	Critical Support to Two Key Ministries - Generator Installation, Juba	Cleared	3/6/2006	\$40,977	3/15/2006
DAIRUM171	Veterinary Laboratory Rehabilitation - Juba	Cleared	3/6/2006	\$73,021	3/9/2006
DAIRUM180	Semi-Permanent Bus Stop Shelters	Cleared	3/6/2006	\$47,086	3/9/2006

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Grant No	Grant Title	Status	Date Cleared	OTI Cleared Amount USD	Start Date
DAIRUM182	Rehabilitation of Lecture Hall, University of Juba	Cleared	3/6/2006	\$71,164	3/9/2006
DAIRUM167	Upper Nile University Improvements - Toilet Blocks	Cleared	3/6/2006	\$85,140	3/7/2006
DAIRUM191	Critical Support to Five State Ministries, Northern Bahr el-Ghazal	Cleared	3/6/2006	\$234,435	3/10/2006
DAIRUM199	Critical Support to Five State Ministries, Central Equatoria State	Cleared	3/6/2006	\$237,995	3/10/2006
DAIRUM190	Critical Support to 5 State Ministries, Western Bahr El Ghazal State	Cleared	3/6/2006	\$241,025	3/10/2006
DAIRUM166	Upper Nile University Improvements - Student Center Rehabilitation	Cleared	3/7/2006	\$73,317	3/7/2006
DAIDAR026	Promoting Public Service Messages for Nomads on Women's Health	Cleared	3/7/2006	\$4,260	3/10/2006
DAIRUM184	Support to the Governor's Office & State Legislative Assembly	Cleared	3/7/2006	\$148,880	3/10/2006
DAIRUM181	Renovation of Information Center - Juba	Cleared	3/7/2006	\$51,230	3/10/2006
DAIRUM176	University of Upper Nile Improvements - Medical Clinic Expansion	Cleared	3/8/2006	\$67,039	3/7/2006
DAIKHA052	Human Rights / Child Rights in IDP Camps	Cleared	3/13/2006	\$16,650	3/15/2006
DAIRUM188	Support to the Governor's Office & State Legislative Assembly	Cleared	3/15/2006	\$178,150	3/22/2006
DAIDAR050	Provision of Clothing to Vulnerable IDP Women in Darfur - May	Cleared	3/15/2006	\$248,185	3/20/2006
DAIKHA054	Strengthening the Traditional Justice System in Abyei	Cleared	3/18/2006	\$17,330	3/22/2006
DAIDAR031	Support for Women's Brickmaking in El Fashir	Cleared	3/18/2006	\$8,310	3/20/2006
DAIRUM127	Renovation of Kapoeta War Memorial, Peace and Culture Center	Cleared	3/20/2006	\$72,706	3/14/2006
DAIRUM210	Improving Essential Services for IDPs - Torit Teaching Hospital	Cleared	3/21/2006	\$57,000	3/18/2006
DAIRUM211	Improving Essential Services for IDPs - Torit Water Purification	Cleared	3/21/2006	\$99,978	3/18/2006
DAIRUM127	Renovation of Kapoeta War Memorial, Peace and Culture Center	Cleared	3/21/2006	\$72,706	3/14/2006
DAIKHA055	Strengthening the Statutory Justice System in Abyei (Courthouse)	Cleared	3/22/2006	\$58,190	4/15/2006
DAIKHA057	Legal Aid Center (JCC) to Link Kadugli area citizens to Judicial Syst	Cleared	3/22/2006	\$45,534	4/15/2006
DAIRUM216	Support to the Governor's Office & State Legislative Assembly	Cleared	3/23/2006	\$179,470	3/17/2006
DAIKHA059	Legal Aid Center (JCC) to Link Dilling area citizens to Judicial Sys	Cleared	3/24/2006	\$45,434	3/22/2006
DAIKHA056	Strengthening the Legal Administration System in Kadugli	Cleared	3/24/2006	\$46,500	3/24/2006
DAIKHA062	Legal Aid Center (JCC) to Link Kassala area citizens to Judicial Syste	Cleared	3/24/2006	\$45,534	3/22/2006
DAIKHA061	Legal Aid Center (JCC) to Link Lagawa area citizens to Judicial System	Cleared	3/24/2006	\$45,434	4/22/2006
DAIKHA060	Legal Aid Center (JCC) to Link Abyei area citizens to Judicial System	Cleared	3/24/2006	\$45,534	4/1/2006
DAIKHA063	Strengthening the Judiciary System in Kadugli	Cleared	3/24/2006	\$46,070	4/15/2006
DAIKHA065	Supporting Independent Media - A Countrywide Newspaper in Arabic	Cleared	3/26/2006	\$31,990	4/1/2006
DAIRUM174	Promoting a Peaceful Political Transition in the Aweils	Cleared	3/27/2006	\$10,200	3/31/2006
DAIRUM218	Renovating Aweil Town Food Market	Cleared	3/27/2006	\$28,887	3/28/2006
DAIRUM187	Improving Essential services for IDPs - Torit Day Secondary School	Cleared	3/28/2006	\$99,534	3/18/2006
DAIRUM217	Improving Essential Services for IDPs - Torit Market Clean-up	Cleared	3/28/2006	\$20,765	3/17/2006
DAIRUM219	Improving Essential Services to IDPs- Improving Care at Aweil Hospital	Cleared	3/28/2006	\$56,705	4/1/2006
DAIDAR029	Enhancing Income-Generating Opportunities for Women in Erel IDP Camp	Cleared	3/29/2006	\$13,075	3/3/2006
DAIRUM203	Critical Support to Five State Ministries, Southern Kordofan	Cleared	3/29/2006	\$237,925	4/10/2006
DAIDAR056	Supporting the Participation of Darfurian Women in Abuja Peace Talks	Cleared	3/30/2006	\$1,376	3/29/2006
DAIDAR040	Training on Gender Mainstreaming in Conflict and Development	Cleared	3/30/2006	\$9,750	4/8/2006

APPENDIX A
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Grant No	Grant Title	Status	Date Cleared	OTI Cleared Amount USD	Start Date
DAIDAR007	Civil Society Capacity Building for Women-Focused NGOs in South Darfur	Cleared	3/30/2006	\$13,066	4/3/2006
DAIRUM177	University of Upper Nile Improvements - Water and Sanitation Support	Cleared	3/31/2006	\$28,759	3/23/2006
DAIRUM222	Provision of Tools and Training for Radio Wau	Cleared	3/31/2006	\$13,735	4/3/2006
DAIRUM225	Transportation for Civil Administrators-Kapoeta East County	Cleared	3/31/2006	\$4,750	3/22/2006